

(Washington, DC) - **Congressman Wally Herger (R-CA), Ranking Member of the Ways & Means Subcommittee on Health**, today issued the following statement about **Speaker Nancy Pelosi and Congressional Democrats' proposed expansion of the State Children's Health Insurance Program (SCHIP), known as Healthy Families in California.** The expansion would include families earning over \$60,000 per year as well as weakening verification measures that prevent illegal immigrants from enrolling in the program. This represents a significant shift from the initial intent of SCHIP, launched in 1997 to provide health insurance for truly needy children.

An increase in tobacco taxes, along with a series of restrictions on physician ownership of hospitals, will be used to fund the expansion. According to the Heritage Foundation, twenty-two million new smokers will be needed to fully fund SCHIP. House Democratic Leadership has chosen to bypass committee hearings and instead take the legislation directly to the House Floor. By skipping the normal committee process, Speaker Pelosi will allow very little opportunity to ensure that the original goals of SCHIP are upheld in the final bill.

"I supported SCHIP when it was first enacted and I believe it's a worthwhile program that provides healthcare to children from low-income families. Unfortunately, Speaker Pelosi and Congressional Democrats are beginning to make their move toward more and more government run healthcare by attempting to expand the program to include middle-income families, many of whom already have access to private health coverage. Congress needs to take a thoughtful approach to ensure that the tax dollars that fund SCHIP are directed toward truly needy children. Additionally, funding SCHIP through increasing the tobacco tax is incredibly shortsighted policy that ensures a future revenue shortfall and virtually guarantees future tax increases on all Americans. There is a better way to fix healthcare in America. I urge Speaker Pelosi to stop the push toward government-run health care and instead look at solutions that would make health care more affordable for all Americans through effective tax relief policies.

"And perhaps among the most troubling of provisions within the government run SCHIP expansion, today's legislation would block patients' access to hospitals that are owned and operated by local physicians. There are several of these facilities in Northern California, including a \$40 million project in Yuba City that is currently under construction and would be shut down by this provision. Existing facilities, including one in Redding, would be subject to burdensome new regulations and would be blocked from expansion in most cases. In the middle of the worst economic downturn in decades, this provision will destroy jobs in Yuba City and in dozens of other cities across America where physician-owned hospitals are under

development."